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INDUSTRIAL DEMOCRACY.

SOME of the recent literature on industrial conditions in Great Britain seems to indicate that the issues between the schools of individualism and collectivism are becoming more clearly defined by the modification of each in the direction of the other. On one side we have the works of Mr. and Mrs. Webb and Mr. Lloyd, representing what might be called the evolutionary democratic attitude, and on the other there are MM. de Rousiers and Demolins, followers of Le Play, representing a modified individualistic position.¹

M. Demolins draws a distinction between societies organized on a communal and those on a particularistic basis. He says :

The communal societies are characterized by the tendency to rely, not on themselves, but on the community, on the group, family, tribe, clan, public authorities, etc.; populations of the Orient are the chief representatives. The particularistic societies are characterized by the tendency to rely, not on the community, but on themselves; the Anglo-Saxons are the chief representatives of this class. In the particularistic formation, instead of making the community predominate over the individual, the individual predominates over the community, private life over public, and, consequently, the useful professions over the liberal and administrative professions.

It is evident that the distinction between communal (or communistic) and particularistic is not a clear one, and is best defined by Demolins's explanation that a particularistic society is founded on an industrial rather than a social or political basis. If this is the legitimate interpretation of his words, it will be seen that the merits and weaknesses of his book are those of a Frenchman and a follower of Le Play. He is accustomed to political rather than industrial democracy, and he is a

¹SIDNEY and BEATRICE WEBB, *Industrial Democracy*, 2 vols., London: Longmans & Co., 1898; HENRY D. LLOYD, *Labor Copartnership*, New York: Harper Brothers, 1898; EDMOND DEMOLINS, *A quoi tient la supériorité des Anglo-Saxons*, Paris, Firmin-Didot, 1897 (Anglo-Saxon Superiority, New York: R. F. Fenno & Co., 1898); DE ROUSIERS, *The Labor Question in Great Britain*, London: Macmillan & Company, 1898.

student of the family or the social group rather than of organization *per se*. This is emphasized in his further contention that the Anglo-Saxons are the particularists *par excellence*. Among them he finds that the habitation is of less importance than in the other races, and the families change their habitation more readily. Yet in this peripatetic habitation he finds (1) the comforts which develop in the Anglo-Saxon more than in continental peoples the sentiments of dignity and independence; (2) that this mode of establishment predisposes to effort; (3) that this mode of establishment produces "gentlemen." Demolins is very much impressed with the superiority of the English "home" to the French "*foyer*," but he has not carefully traced the intermediate steps from the days of the old communal Celts and Normans who gave place to the particularistic Anglo-Saxons, down to the modern democratic British society. He neglects the mingling of racial characteristics under the influence of industrial expansion. The Anglo-Saxons have been so practical and illogical that they have allowed their society to develop in response to the demands of modern industry, in spite of political theory, whereas the French have had imposed on them a quasi-democracy and a bureaucratic system of education, the legacies of Rousseau and Bonaparte. The Frenchman is not able to see that education may be particularistic (or individualistic) without industry's being individualistic. There is a confusion of individualism and *laissez faire*. Demolins describes at length two educational experiments in Great Britain, the Edinburgh Summer Meeting, and Dr. Reddie's school at Abbotsholme (see also Demolins's *L'Education Nouvelle*, Firmin-Didot, Paris) which, while they are natural developments of Anglo-Saxon democracy, are considerable advances over the general system of education in Great Britain. There is certainly no question as to their superiority to the French method of the education of "functionaries," as Demolins would call it. De Rousiers says:

In France, on the plea of the necessities of this training, the child is required to choose his career on leaving the primary school. If he wishes to rise he must shun the practical side and devote himself betimes to study-

ing programs and preparing for examinations. On this condition and no other can he become an engineer. In England and Scotland, on the other hand, he may work for his living at the practical part and at the same time try to rise higher. If he succeeds he will have less general knowledge than in France; if he fails, he will merely fall back to his position as working man; he will remain a mining surveyor or underground manager, but will he not be *déclassé*.¹

The *déclassé* is an individual trained to practice a specialism for which he has not the necessary aptitudes, unaccustomed to ordinary manual work, and incapable of earning his living as a working man. Such men exist wherever schools for training specialists require all their time and keep them in pupilage until they are eighteen or twenty. Where the technical school deals with men actually engaged at the work, and aims at completing the knowledge they have acquired in their practical work by the necessary intellectual work there cannot be *déclassés*.

In other words, there cannot be *déclassés* where individuals are classified by their recognized aptitude for direction, instead of by an artificial process of selection.

It is of course fair to ask: How can British education be more individualistic than French unless Great Britain is more individualistic than France? Perhaps this may be answered by recurring to Demolins's description of the English home. To defend its superiority on the ground that the comforts of the Anglo-Saxon develop the sentiments of dignity and independence is to beg the question. Whence come the comforts? It would seem fair to contend that Anglo-Saxon comforts are due to organization, association with others in social pursuits, education, democracy, all of which have their roots in industrial organization. Demolins points out that the House of Commons is much more representative of the different classes of the people than the Chamber of Deputies.

			Chamber of Deputies.	House of Commons.
Functionaries of the state	-	-	95	47
Army - - - - -	-	-	6	66
Liberal professions - - - - -	-	-	270	107
Commerce - - - - -	-	-	22	100
Industry - - - - -	-	-	41	131
Agriculture - - - - -	-	-	72	132

¹ "I do not know an English equivalent of this word," says M. de Rousiers, "and I do not think there is one. The phenomenon is not an English one."

Is it not possible to explain this also on the ground that industrial organization and an education founded on that have made such representation possible?

In one of Demolins's most suggestive chapters he asks: "Why are the Anglo-Saxons less hospitable to socialism than the Germans or the French?" After pointing out that the socialism of the continent of Europe is of German origin, he says: "There is virtually nothing to tell of socialism in England except insignificant efforts like those of Aveling, a Marxian, and those of the poet Morris, and Hyndman, two eccentrics whom no one takes seriously." Either Demolins fails to understand socialism in Great Britain, as nearly all the continental students do, or a distinction must be made between social democracy and industrial democracy. He claims that socialism flourishes better among the societies which in past times have been dominated by the communistic method, the chief exceptions to this method having been the Romans and the Anglo-Saxons; but M. Demolins does not understand the industrial organization of Great Britain. His local studies, like those of de Rousiers, prevent a comprehensive view of industry. He does not understand the trade unions even. He says that they differ from those of Germany in not only not being international, but not even being national, including only special groups of workers with a very limited aim. They have been content to strive by legitimate means to secure a better standard of life. To gain this they have demanded nothing of the state. The fact is the culmination of trade-union activity has nearly always been in an appeal to the state to supplement the work of the union; to generalize what the union was able to accomplish locally and spasmodically.

Perhaps the importance of industrial organization and the possibility of a new condition arising to supplant both the communal and the particularistic methods, may be seen by referring to Demolins's judgment on the Celt. It is not independence which distinguishes the Anglo-Saxon from the Celt, but rather interdependence, organization, without loss of liberty, which is

possible where the organization is democratic. Demolins and others have recognized that the fault of the Celt was his independence, which may, however, be the fault of the economic class to which he belongs, rather than the race. Demolins's colleague, de Rousiers, says:

The Englishman is less simple and more exacting than the Scotchman. Industrial and commercial prosperity have had a longer time to penetrate, and the Englishman's principle is to live well and work well, and to aim at increasing his earnings instead of diminishing his expenses. The Scotchman is now tending more and more toward this conception, but it is less deeply rooted in his case, in the first place, because the industrial element is less marked in this country, and in the second, because of his social origin. The population of the Lothians, the wealthy part of Scotland, receives a constant influx from the poor countries adjoining the Highlands and the Hebrides. Emigrants from these districts bring with them the patriarchal habits they have adopted, and without which it would be impossible to live there. In a mountainous district where cultivation must necessarily remain rudimentary and industry does not arise, and where the chief resources are derived from scanty pasturage and from fishing on a good but dangerous coast, there is a very clear realization of the inflexible limits which nature has set to production. Human effort encounters insurmountable obstacles, and wisdom therefore consists in limiting wants to what circumstances demand, since it would be sheer imprudence to trust in laborious energy whose results might be lost through the inability of the soil to repay them. Where, however, the intense industrial régime opens an unlimited field to the action of labor, wisdom consists in developing in a man the greatest possible efficiency. The right course is to put oneself in good form, and to spare nothing to increase one's power of work. Experience has shown that this course pays best and consequently there is a general tendency among the workers to have better food, better houses, better clothing, better instruction, and to conduct themselves better morally—all conditions which contribute, though in unequal degrees, to the most complete development of the human being.

How this transformation can be brought about may be indicated by the progress in co-operative dairying among Irish farmers, as described by Mr. Lloyd, or the great promoter of the movement, Mr. Plunkett. The latter says:

I was talking the other day to a German economist (Dr. Moritz Bonn), who has for the last two years been making a close study of Irish economics in every part of Ireland, as to the reasons why English policy had so signally failed to promote the material welfare of Ireland. He tersely replied: "It is

an attempt to impose individualism upon the country without educating the individual!"

This education in England has been the product of several centuries of unconscious commercial and industrial evolution toward democracy. That it can be accomplished among a less advanced people under guidance Mr. Plunkett indicates when he says :

The superior persons who criticised our first endeavors at organizing dairy farmers told us that the Irish can conspire, but cannot combine ; that voluntary association for humdrum business purposes, devoid of some religious or political incentive, was alien to the Celtic temperament, and that we should wear ourselves out crying in the wilderness. Economists assured us that, even if we ever succeeded in getting farmers to embark in the enterprise, financial disaster would be the inevitable result of the insane attempt to substitute, in a highly technical manufacture, democratic management for one-man control.

They then boldly tried to impose new forms of industry and of industrial organization at once. The aim may be briefly explained again in Mr. Plunkett's words: "This kind of education makes all the difference between *a people whom the government can help* and a people whom state interference only renders less self-supporting." The sting of paternalism is drawn by democracy.

It is time to raise the question again: Is there a distinction between industrial and social democracy, and what is the difference between these and individualism? The familiar statement of the socialists is that the true social order is founded on the principle: "From each according to his ability, to each according to his needs." Against this we might set as the principle of individualism, "From each according to his ability, to each according to his ability." Let us contrast with these as a hypothetical principle of industrial democracy, "From each according to his ability, to each according to his efficiency."

Social democracy seeks to insure the elevation of the standard of living by the recognition of ability ; it might be safer to say, by the recognition of service, were it not for the fact that social democracy has not yet abandoned the dogma of equality.

The social democrats have confidence that the standard of living will advance in this way because of their faith in the possibilities of individuals if equality of opportunity is offered. At the same time it seems fair to say that the standard of living is not well defined among them. There is still a quantitative rather than a qualitative estimate of life as a consequence of the materialistic basis of their philosophy. The harmony of extreme socialism and extreme individualism, which has been pointed out by thoughtful writers,¹ might be found in the fact that individualism also seeks to insure the elevation of the standard of living by the recognition of ability. The individualists, however have to set over against the socialist dogma of equality a kind of economic Calvinism, which guarantees the triumph of ability. Perhaps it ought to be said that only the most enlightened individualists consider the question of a standard of living, the majority being content if earnings are increased, which make saving possible, thus providing for subsequent earnings—to end in the deluge. The aim of industrial democracy we may again state in these words: It seeks to insure a standard of living which will secure the highest efficiency. Whether the representatives of the other systems would accept the characterizations made of them, the aim of what is denominated industrial democracy in Great Britain seems clear. The immediate goal is the elevation of the standard of living; the ultimate goal, greater efficiency.²

The chief forms of industrial democracy in Great Britain are the trade union, the co-operative society, and the friendly society. Where these prove inadequate to the accomplishment of their objects there is often an appeal to the state, which is, however, always looked upon as an adjunct to the more familiar and fundamental industrial organization. Mr. and Mrs. Webb's book deals with the trade unions, and Mr. Lloyd's with that

¹ E. g., MACKENZIE, *Introduction to Social Philosophy*, chap. v.

² "The first condition of an efficient organization of industry is that it should keep everyone employed at such work as his abilities and training fit him to do well, and should equip him with the best machinery and other appliances for his work."—MARSHALL, *Economics of Industry*, p. 162.

form of co-operation known as labor copartnership—that is, productive co-operative societies, giving workmen a share in the profits and the management. The number of people identified with the Rochdale system of co-operation and the friendly societies, which the scope of this article precludes our considering, is probably five or six million. They are numerically as important as those affected by the organizations we shall consider, but the influence of these latter on industrial democracy may be said to be more considerable. It must, however, be borne in mind that any workingmen's organization, founded on a democratic basis, provides an education in democracy which is of immense importance to the state.

Among the problems to be met by industrial democracy are:

1. The forms of organization which best insure democratic representation.

Miss Beatrice Potter (Mrs. Sidney Webb) gives four types of co-operative societies:

Class I. Associations of workers formed on the Christian Socialist model; selecting the committee of management from among their own numbers, and employing members only.

Class II. Associations of workers of like character; but which have bound themselves over to, or had imposed upon them, an irremovable governor or irremovable committee men.

Class III. Associations of workers governing themselves, but employing outside labor—practically small masters.

Class IV. Societies in which outside shareholders and stores supply the bulk of capital, but in which the workers are encouraged or obliged to take shares, although they are disqualified from acting on the committee of management.

To these must be added the type of which Mr. Lloyd writes:

Class V. Societies in which outside shareholders and stores supply the bulk of the capital, but in which the workers are obliged to take shares and are permitted participation in management.

1. The beginnings of democracy in factory management are indicated by Mr. Lloyd:

"We have no objection," the salutatory of Labor Copartnership said, "to part of the capital being owned by persons not employed and part of the control being exercised by them. . . . Modern industry more and more requires

larger amounts of capital than the actual workers can themselves provide, at any rate at starting; and, further, the presence of outside members, whether individuals, stores, or labor organizations, should act as a moderating and impartial element." Copartnership says only that labor shall share in ownership, management, and results. It asks for all workers such a voice in the management of their own industry as democracy demands that the people should always have in their own affairs. Composed of co-operators and springing up within the co-operative movement, it seeks this, first, in co-operative territory, but it considers it to be its duty to promote this policy even in private business and in government employ.

Mr. Lloyd says in description of the Equity Shoe Works in Leicester:

Every workman is made a shareholder in the factory by the retention of his bonus and its accumulation until it pays for the minimum amount of stock necessary. Every workman must therefore be a shareholder, and every workman or workwoman is eligible to every position in the management. One of the working women was once elected a member of the board, and fulfilled the duties of the position to the satisfaction of its members. Like many other co-operative societies, the Equity Shoe Works have had more capital offered to them than they could keep profitably employed; and just before I was there the directors had temporarily closed the capital account. Middle-class people were attracted by the merits of the stock as an investment, and were beginning to subscribe sums of \$500 and \$1000, either for shares or for loan capital. In his speech at the opening of the new factory in 1894 Mr. Holyoake said: "This society has \$55,000 of capital. Why, fifty years ago, had a few unknown workmen asked to be entrusted with \$55,000 of capital, they would have been told they would not get it in eleven thousand years. Nor would they now, were it not that workingmen co-operators all over the country have trust in the honor and ability of men of their own order."

There is a serious dispute between Mr. Lloyd and Mrs. Webb, which is only typical of the conflict constantly going on in Great Britain, as to the respective merits of the Rochdale system of co-operation and labor co-partnership. Each is in error in denouncing the other as capitalistic, as though this necessarily condemned either. The societies which are united through the English or Scottish Wholesale Society, and which thereby have a complete system of industry, from the store to the workshop or farm, founded on the very democratic methods of the Rochdale system, condemn labor co-partnership as reactionary, as inter-

fering with this national organization of industry, and as undermining the trade union. The labor co-partnership organizations, on the other hand, insist that there is a greater recognition of the workingman in their plan than in the other. It must be admitted that each is, in its way, both democratic and capitalistic. The Rochdale system employs its workmen on a wage system identical with that in operation in capitalistic concerns; while labor co-partnership employs the capital of independent capitalists who have no relationship whatever to the organization beyond that of drawing their dividends; yet each is democratic, both in its organization and aims. Their conditions do not seem to be irreconcilable but their interpreters must understand each other better than Mrs. Webb and Mr. Lloyd do. Mr. Lloyd quotes the statement of Miss Sybella Gurney, who says, in *Sixty Years of Co-operation*, "It required the growth of a better generation—a generation trained in the store, friendly society, and trades-union movements, as well as at school, before a large measure of success could be achieved."

The possibilities of a combination of the two co-operative systems are indicated both in the faith of co-operators and in their practice. Mr. Lloyd says:

The amount of land that the co-operators could use is almost without limit. Hundreds of thousands of acres would be required for milk alone by the present co-operative population; hundreds of thousand more for the butter; one million acres for the meat. Then there are vegetables, fruit, and grain. "There is no reason," said Mr. Campbell, "why every large and wealthy society should not have its industrial village on its own estate within the next twenty years."

Two instances showing the application of this plan are those of the Leicester Hosiery Manufacturing Society, and the United Baking Society of Glasgow. Of the former, Mr. James Holmes, secretary of the Amalgamated Hosiery Operatives' Union, says in the *Workmen's Times*:

They can show you a list of names at this place, as long as my arm, of people who are waiting to be taken on; but the mischief is nobody ever leaves, and it is only the vacancies caused by death, and the new situation created by the extension of the business that afford openings. One thing which makes

the place such a valuable one at which to work, is the fact that employment is very regular. They cater for a special line of customers, the distributive co-operative societies all over England, Wales, and Scotland ; and the varieties of goods required by these societies are so great that there is nearly always work on hand, and if there is no order on the books, it is nearly always safe to work to stock.

The Glasgow United Baking Society furnishes the chief instance in the Rochdale system of a bonus to employees. So devoted are the co-operators in this system to the government by the Distributive Society, that the workers are not taken into partnership individually, but form the Bonus Investment Society, Limited, which only employees are eligible to join, and which has the right to send to the members' meetings of the United Baking Society, one delegate, and one in addition for each £80 of capital. Three hundred of the 934 workers employed have become members of the society. This seems a circuitous way to admit members to a share in the profits of the organization, but possibly points the way to a reconciliation of these important branches of co-operation, each of which has something to contribute to the other. In spite of this conflict the democratization of industry advances rapidly through these agencies.

Mr. and Mrs. Webb point out in their first chapter the great value of the trade unions as training schools in democracy.

These thousands of working class democracies, spontaneously growing up at different times and places, untrammelled by the traditions or interests of other classes, perpetually recasting their constitutions to meet new and varying conditions, present an unrivaled field of observation as to the manner in which the workingman copes with the problem of combining administrative efficiency with popular control.

The earliest forms of trade unionism were founded on the idea that representation by rotation served to educate all the members for executive positions. The importance of peculiar executive ability was not recognized.

Even when it was necessary to supplement the officers by some kind of committee, so far were these infant democracies from any superstitious worship of the ballot box, that, although we know of no case of actual choice by lot, the committeemen were usually taken, as in the case of the Steam-Engine Makers' Society, "in rotation as their names appear on the books." "A fine

of one shilling," say the Rules of the Southern Amicable Union Society of Woolstaplers, "shall be levied on any one who shall refuse to serve on the committee, or neglect to attend its stated meetings, . . . and the next in rotation shall be called in his stead."

In passing from a local to a national organization, the trade union unwittingly left behind the idea of primitive democracy. The setting apart of one man to do the clerical work destroyed the possibility of equal and identical service by all the members, and laid the foundation of a separate governing class. The practice of requiring members to act in rotation was silently abandoned. Once chosen for his post, the general secretary could rely with confidence, unless he proved himself obviously unfit or grossly incompetent, on being annually re-elected. Spending all day at office work, he soon acquired a professional expertness quite out of the reach of his fellow members at the bench or the forge.

While everything was thus tending to exalt the position of the salaried official, the executive committee, under whose direction he was placed, being composed of men working at their trade, retained its essential weakness.

In face of so weak an executive committee the most obvious check upon the predominant power of the salaried officials was the elementary device of a written constitution. The ordinary workman, without either experience or imagination, fondly thought that the executive government of a great national organization could be reduced to a mechanical obedience to printed rules. Hence the constant elaboration of the rules of the several societies, in the vain endeavor to leave nothing to the discretion of officers or committees.

In 1837 the Liverpool Lodge demanded that "all the alterations made in our laws at the grand delegate meeting" shall be communicated to all the lodges "for the consideration of our society before they are printed."

Government by such contrivances as rotation of office, the mass meeting the referendum and initiative, or the delegate restricted by his imperative mandate, leads straight either to inefficiency and disintegration, or to the uncontrolled dominance of a personal dictator or an expert bureaucracy. Dimly and almost unconsciously this conclusion has, after a whole century of experiment, forced itself upon the more advanced trades. The *delegate* finds himself every year dealing with more numerous and more complex questions and tends therefore inevitably to exercise the larger freedom of a *representative*. Finally, we have the appearance in the trade union world of the typically modern form of democracy, the elective representative assembly, appointing and controlling an executive committee under whose direction the permanent official staff performs its work.

In the Amalgamated Association of Operative Cotton-Spinners, which may be taken as typical of cotton organizations, the "legislative power" is expressly vested "in a meeting comprising representatives from the various provinces

and districts included in the association." This "Cotton-Spinners' Parliament" is elected annually in strict proportion to membership, and consists of about a hundred representatives. It meets in Manchester regularly every quarter, but can be called together by the executive council at any time. Once elected, this assembly is, like the British Parliament, absolutely supreme. The forms of democratic organization in the trade union and co-operative society are the result of a process of selection more thorough than that applied to any political institutions of this century.

2. The success of democratic organization in trades unions and co-operative societies not only suggests the desirability of testing these organizations by the standards of democracy, in order to insure the harmonious action for the benefit of the largest number, but there is also suggested a criticism of undemocratic efforts to solve industrial difficulties.

The South Metropolitan Gas Company, of London, with a capital of 35 million dollars and receipts of over three million dollars, employing almost three thousand men, shares profits with them, and these workingmen shareholders elect two of themselves as directors of the company. This plan originated in an effort to put down a strike in 1889.

Mr. Livesey now declares his system to be "quite incompatible with trades unionism. The two things are diametrically opposed. Trades unions are the union *vs.* the employer; in our case it is the union with the employer, not against him." "Union of capital and labor is better than a union of laborers and a union of capitalists fighting each other," is one of Mr. Livesey's ways of putting his position. A copy of the contract offered the men was given me by Mr. Livesey. Its first section reads: "The said South Met. Gas Co. agrees to employ the said . . . who says that he is not a member of the Gas Workers' Union." But Mr. Livesey, when before the Labor Commission in May 1891, said that membership of the unions by his men was being winked at as long as the members kept quiet.

Mr. Livesey has himself made it an argument against municipal ownership of gas works that municipalities having no stock could not admit their employees, as his company has done, to participation in profits and management; and he has repeatedly avowed that he believes that the Employee Shareholder and Workman Director is an institution which will make socialism impossible, because it will give the wage-earner the possession of property.¹

¹ LLOYD, *op. cit.* pp. 198 and 212.

The recognition of this as a labor copartnership scheme justifies some of the criticisms of Rochdale co-operators.

3. These organizations must solve the problem of the preservation of liberty of individual action, in spite of the necessity of combination and organization. It seems much easier to preserve individual liberty, where the organization is strong and on a democratic basis, than where there is permitted independent, or undemocratic, action. The method of mutual insurance, by which, in a thoroughly organized industry, workers bring the employer to terms by leaving, one by one, would seem to satisfy the ideal of Demolins, if not of "free labor" associations. That is to say, it is the particularistic method. A perfectly voluntary association independent of the state becomes more coercive than the state could be. It is undemocratic, but is identical in character with the method of the employers who insist on dealing with individual workingmen, and deny the validity of collective bargaining. Where the organizations on both sides are very powerful, the friction is often so slight that interference with individual liberty is scarcely felt.

The workmen's case for Trade Unionism and the employers' case against it both proceed on the same assumption. *Wherever the economic conditions of the parties concerned are unequal, legal freedom of contract merely enables the superior in strategic strength to dictate the terms.* Collective Bargaining does not get rid of this virtual compulsion: it merely shifts its incidence. Where there is no combination of any kind, the strategic weakness of the individual wage-earner, unable to put a reserve price on his labor, forces him to accept the lowest possible terms. When the workmen combine, the balance is redressed, and may even incline, as against the isolated employer, in favor of the wage-earner. If the employers meet combination by combination, the compulsion exercised upon individual capitalists or individual wage-earners may become so irresistible as to cease to be noticed. In the most perfected forms of Collective Bargaining, compulsive membership becomes as much a matter of course as compulsory citizenship.¹

This reconciliation of liberty and combination is admirably illustrated in the antagonism to the small master.

It must not be inferred that, because Trade Unions are opposed to the small master system, they have any objection to their members rising to

¹ WEBB, *op. cit.* vol. i. pp. 216, 217.

superior positions. The energetic Trade Unionist, often a branch official, is frequently selected for the post of foreman, which he accepts with the full approval of his fellow members. In some Unions this proposal involves his exchanging an active for an honorary membership, but in the building, engineering, and ship building trades foremen are welcomed as ordinary members. From foreman the superior man frequently rises to be manager, or even partner, in a large firm; and it would not be difficult to compile a list of great employers of today who were, in their wage-earning stage, staunch members of their Trade Unions. To the man of exceptional ability, the system of the Great Industry offers, indeed, more real opportunity of rising to eminence than was before open to him. The proportion of foremen and over-lookers to mere manual workers is no doubt smaller today than was the proportion of small masters to wage-earners two centuries ago. But the official hierarchy of modern industry affords both a safer and a higher ladder for special talent.¹

The present effort in the London building trades to compel foremen to remain or become members of the trade unions indicates confusion on this subject. Democratic control is possible, as many unions remonstrate without dictation.

4. Provision must be made for the proper combination of private initiative and public action. It is commonly the case that state action can only be secured by a highly developed private organization, but that when this is secured, the state accomplishes what the private organization could not do, yet does this by the aid of the latter. It is frequently the case that an organization of workingmen may be very powerful as compared with other trade unions, and yet be impotent in the face of the strength of the employers' organization. In this case there is also a tendency to appeal to the state, made reasonable by the extent and democracy of the trade union rather than by the tyranny of the employers.

If the whole industry is controlled by a single colossal employer, or if it is distributed among a small number of non-competing employers—especially if the monopoly is in any way protected against new rivals—the Trade Union finds its methods of Mutual Insurance and Collective Bargaining practically useless. This is the case with the railway companies in the United Kingdom, and some of the great capitalist trusts in the United States. Against the unlimited resources, the secured monopoly of custom, and the absolute unity of will enjoyed by these modern industrial leviathans, the

¹ WEBB, *op. cit.* vol. i. p. 546.

quarter of a million accumulated funds of the richest Trade Union, and the clamor of even one or two hundred thousand obstinate and embittered workmen, are as arrows against iron-clads. In such cases the only available method of securing a Common Rule is Legal Enactment—difficult, in the face of interests so powerful, for the Trade Unions to obtain, but once obtained, in so highly organized an industry, easy of application and enforcement. We therefore infer that the extreme concentration of industry into trusts and monopolies will lead, either to Trade Union failure and decay, or else to an almost exclusive reliance on the Method of Legal Enactment.¹

State action is necessary to secure equality of industrial units, but efficient only when supported by intelligent citizenship.

5. A declining trade presents a problem of extreme difficulty to the trade union. So great is it, indeed, and yet so inevitable in a progressive society, that it has only been met thus far, as we shall presently see, by a recognition of both the old and the new industrial methods, at the same time. Where this is not practicable, as is commonly the case, Mr. and Mrs. Webb suggest that it may be necessary to look upon the damage inflicted on a skilled operative by the decline of his trade as we would look on the injury done to a piece of property by the introduction of an obnoxious industry or institution into the neighborhood. They claim that it is not just in the one case to allow the property owner to secure indemnity, and in the other to allow no compensation to the workman. Whether such a remedy can be introduced or not may depend on the success with which organizations meet the difficulty which confronts many of the trades which are in process of transformation today.²

¹ *Ibid.*, pp. 553, 554.

² The Massachusetts Legislature of 1896 (chapter 450) has recognized the right to work as analogous to the right to property, and has provided, as an amendment to the Metropolitan Water Act, which had condemned the property of the village of West Boylston, a method of compensation to laborers similar to the compensation granted to property owners in proceedings under eminent domain. The Act reads :

“Section I. Any resident of the town of West Boylston employed by any corporation, partnership, or individual at the time when the plant of such corporation, partnership, or individual is taken, and work therein stopped, on account of a reservoir for the Metropolitan Water Supply, and who is obliged, by reason of such taking, to

6. Organizations must be adapted to trades in which there is the possibility of both hand and machine labor. Mr. and Mrs. Webb describe a very interesting instance of this in the case of the Amalgamated Society of Cordwainers, founded in the eighteenth century, which had, up to 1857, enjoyed immunity from new processes. The sewing machine, between 1857 and 1874, revolutionized the trade. Workingmen at first resented the introduction of machinery, but their executive committee declined to support their opposition to the new processes, and urged them to combine with the new men who entered the factories. In a few years it was found that the union was composed of two classes—handcraftsmen and factory workers. As the latter began to outnumber the former, it was found wise for them to break off and organize a National Union of Boot and Shoe Operatives. The Amalgamated Society of Cordwainers has since then remained a body of handicraftsmen, working on in amicable relations with the new organization, but confining itself to the field of hand work. It has been able to preserve such a high grade of workmanship that there is a constant demand among wealthy people of good taste for these hand-made products, in spite of the continual extension of the boot and shoe factories. The same condition has been met in the paper industry. There is a steady demand for hand-made paper, which is met by workmen belonging to the organization which

seek employment elsewhere, shall have the right for one year from the termination of such employment as aforesaid, to file a claim for damages with the Metropolitan Water Commission, and if the same is not settled within sixty days within the filing thereof, he may bring a bill in equity in the superior court for the county of Worcester for the adjudication and collection of such damage. Any number of persons deprived of employment as aforesaid, may unite in such bill, and the withdrawal of any shall not prejudice the rights of others.

“Section 2. It shall be the duty of the court to ascertain whether or not such claimants have resided, and been employed, and deprived of employment as specified in this act, and, if so, to issue a decree in favor of each to recover the actual damage which he has suffered by reason of such loss of employment, not however, to exceed the sum of his wages for six months at the rate of wages paid to him for the last six months prior to such suspension of employment.”

Sections 3 and 4 protect the state against imposition.—J. R. COMMONS, *Arena*, January 1899.

has not been affected at all by the new organizations of workers in machine mills. This differentiation of the trade union is an admirable instance of organizing capacity, but is only applicable to industries in which it is possible to preserve some of the old processes. There are cases where trades have been annihilated. Here some method of insurance or compensation seems the rational suggestion, if it can emanate naturally from the body of workers, who best know their needs.

7. The trade union must meet the problem of the introduction of women and unskilled workers, and the consequent decline of the quality of workmanship. There seems to be one instance of a successful solution of the problem of women in the great industry, and this is in the case of the cotton operatives where the women are admitted to the trade unions on a basis of equality with the men. The chief suggestion which Mr. and Mrs. Webb make for meeting the problem is the introduction of a national minimum :

To give only two out of many instances, we can imagine nothing more calculated to improve the social position of women, and to render them economically independent of their sexual relationship, than the gradual introduction of a legal minimum wage, below which their employment should not be permitted. Nothing does so much at present to prevent women from becoming technically proficient in industry, and to deprive girls of incentive to acquire technical education, than their feeling that they can obtain employment as they are, if only they will accept low enough wages ! The result of the low wages is a deplorably low standard of efficiency, due to lack alike of proper physiological conditions and of stimulus to greater exertions. The improvement in the capacity and technical efficiency of women teachers in the last twenty years, concurrently with the introduction of fixed standards of qualification by the Education Department, and, to some extent, the adoption by School Boards of full subsistence wages, is especially significant in this connection. The other instance is that of the casual unskilled laborer of the great cities. At present he knows that he can earn his miserable pittance by transient employment, without a character, without regularity of attendance day by day, and without technical skill. A legal minimum weekly wage would induce the employers to pick their men, and at once set up a Selection of the Fittest, for regularity, trustworthiness, and skill.

8. Foreign competition and local subsidies leading to par-

asitic trades are to be met in the same way as the competition of women.

Unless the better paid occupations are to be insidiously handicapped in the competition for the home and foreign market, it is essential that no one of the national industries should be permitted to become parasitic by the use of subsidized or deteriorating labor. Hence the organized trades are vitally concerned in the abolition of "sweating" in all occupations whatsoever, whether these compete with them for custom by manufacturing for the same demand, or for the means of production by diverting the organizing capacity and capital of the nation. And this self-interest of the better paid trades coincides, as we have seen, with the welfare of the community, dependent as this is on securing the utmost development of health, intelligence and character in the weaker as well as in the stronger sections. Thus we arrive at the characteristic device of the Doctrine of a Living Wage, which we have termed the National Minimum—the deliberate enforcement by an elaborate Labor Code, of a definite quota of education, sanitation, leisure and wages for every grade of workers in every industry. This National Minimum the public opinion of the democratic states will not only support, but positively insist on for the common weal. But public opinion alone will not suffice. To get the principle of National Minimum unreservedly adopted; to embody it in successive Acts of Parliament of the requisite technical detail; to see that this legislation is properly enforced; to cause the regulations to be promptly and intelligently adapted to changes in the national industry, requires persistent effort and specialized skill. For this task no section of the community is so directly interested and so well equipped as the organized trades, with their prolonged experience of industrial regulation and their trained official staff. It is accordingly upon the trade unions that the democratic state must mainly rely for the stimulus, expert counsel, and persistent watchfulness, without which a National Minimum can neither be obtained nor enforced.¹

9. The disruption of industry due to new processes, and the fluctuations due to mobility of capital and labor, lead to the necessity of the education of the workingman for both general and trade efficiency. This is the fact on which all of these investigators mentioned are agreed, and the need has been well stated above in the words of M. de Rousiers.

10. The gradual extension of the idea of a national minimum, from wages and hours to sanitation and education, may be said to mark the highest demand yet made by the trade unions. It

¹ WEBB, *op. cit.*, vol. ii. p. 816.

must be recognized that this is rational and desirable. The preservation of the standard of living of the various groups of workers in the country is essential not only to the happiness of each group of workers, but to the welfare of the country itself. It is not an arbitrary question, but one of historic origin, and the organization which attempts to meet it is as important to the national existence as the organizations which provide for the sustenance of life. There is an instinctive standard of living, the result not so much of concerted action as of the unconscious influence of environment. The classes of workers which have profited by industrial improvement and consequent comforts set a standard for those who have been the victims of progress. As Mr. and Mrs. Webb point out, this affects even the least skilled workers :

If every artisan, without the slightest concert with his fellows, is possessed by an unreasoning prejudice that he and his family must consume wheaten bread, butcher's meat, beer and tea, instead of living on oatmeal, maize and potatoes, and water, the employer will find it useless to suggest that "any meal is better than none." He quickly discovers that if he offers wages which will provide only the cheaper food, no individual of the class that he requires will accept his situation.²

In addition to the instinctive standard there is, as has been said, the standard set by concerted action. The engineers throughout Great Britain would without hesitation decline to accept fifteen shillings a week, but there might be much doubt in different sections and at different times as to twenty-seven or twenty-nine shillings representing a just demand. The instinctive standard is inadequate, because without combined action workmen may be compelled to accept the standard set by the least exacting individual among them. The gradual advance enjoyed by most members of society as progress is made is quite unlike the advantage gained by individuals in the case of sudden prosperity, an advance which will be shared by the majority only when they are strong enough to insist on it. In spite of prosperity the instinctive standard will guide the employees unless organized labor exacts better terms. Yet it will be impos-

² WEBB, *op. cit.*, vol. ii. pp. 697, 698.

sible to get far beyond the instinctive standard if the majority of workers are unorganized, unless an appeal is made to the state to establish a national minimum. Here we find industrial democracy, guided by the experience of some organized workers and following the analogy of legislation in restraint of trade in other directions (notably the Factory Acts), suggesting that the general experience of the efficient workers demands that a standard be set for the inefficient or ineffectively organized, as a means of national defense. In the words of Mr. and Mrs. Webb:

When any group of consumers desires something which is regarded as inimical to the public well-being—for instance, poisons, explosives, indecent literature, or facilities for sexual immorality or gambling—the community prohibits or regulates the satisfaction of these desires. When the directors of industry attempt to use a material or a process which is regarded as injurious—for instance food products so adulterated as to be detrimental to health, ingredients poisonous to the users, or processes polluting the rivers or the atmosphere—their Action is restrained by Public Health Acts. And when the workers concerned, whether through ignorance, indifference, or strategic weakness, consent to work under conditions which impair their physique, injure their intellect or degrade their character, the community has, for its own sake, to enforce a National Minimum of education, sanitation, leisure and wages. We see, therefore, that industrial administration is, in the democratic state, a more complicated matter than is naïvely imagined by the old-fashioned capitalist, demanding the “right to manage his own business in his own way.”—In each of its three divisions, the interests and will of one or other section is the dominant factor. But no section wields uncontrolled sway even in its own sphere. The state is a partner in every enterprise. In the interests of the community as a whole, no one of the interminable series of decisions can be allowed to run counter to the consensus of expert opinion representing the consumers on one hand, the producers on the other, and the nation that is paramount over both.

It would seem fair to say in reply to the French critics that the efficiency which attracts the foreigner in British industrial conditions is the product of a standard of living consciously set by organized labor taking advantage of industrial progress. Through the trade union and the friendly society the working classes seek to make provision in times of prosperity against times of adversity. Through the general co-operative movement they seek to keep up the standard by getting a proper equivalent for their expenditures, while not forgetting to sustain the

standard of living in the case of their numerous employees. Through labor copartnership they desire to organize industry, to secure an even greater share of the benefits of industrial progress than the trade unions can exact from private employers. Finally, when other means fail there is an appeal to the state, on the one hand to conduct or supervise such industries as otherwise evade democratic control, and, on the other, to establish a minimum which will eliminate parasitic industries. In every case there is the attempt to secure the democratic organization of industry by methods which shall be introduced in response to a public opinion which will secure their efficiency.¹

This tendency is directly opposed to the *laissez faire* principles which formerly prevailed, and which Demolins and others identify with individualism. Under this democratic regulation of industrial conditions there would appear to be greater scope for individuality than under unrestrained industry. The new principle which these new conditions furnish is that where industry is so highly organized as to permit of democratic control, and the individuals concerned are so well educated as to be able to make this control effective, the field of private initiative must be shifted. It is at once unnecessary if the industry is so far advanced as to adequately satisfy public needs, and undesirable because newer fields are left undiscovered or undeveloped when rare ability and ingenuity are absorbed in established enterprises. The present experience in Industrial Democracy also demonstrates as against some socialists that training in administrative affairs is necessary to any democratic control of industry, and as against some individualists, that this training furnishes an adequate reason for encouraging this tendency in spite of time honored political and economic theory.

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¹ "These tendencies towards collective ownership and collective action are quite different from those of earlier times, because they are the result not of custom, not of any passive drifting into association with one's neighbors, but of free choice by each individual of that line of conduct which, after careful deliberation, seems to him the best suited to attaining his ends, whether they are selfish or unselfish."—MARSHALL, *Economics of Industry*, pp. 5 and 6.